



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
FORMER CAMPBELL COUNTY
PROPERTY EVALUATION ADMINISTRATOR**

**Fiscal Year Ending June 30, 1998, And
The Period July 1, 1998 Through April 23, 1999**

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
WWW.STATE.KY.US/AGENCIES/APA**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELE. (502) 564-5841
FAX (502) 564-2912**

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Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Sarah Jane Schaaf, Secretary, Revenue Cabinet

Honorable Steve Pendery, County Judge/Executive

Honorable William H. Kaiser, Former Property Valuation Administrator

Members of the Campbell County Fiscal Court

Independent Auditor's Report

We have audited the statements of assets, liabilities, and fund balance arising from cash transactions of the former Property Valuation Administrator (PVA) of Campbell County, Kentucky, for the fiscal year ended June 30, 1998, and the period July 1, 1998 through April 23, 1999, and the accompanying statements of receipts, disbursements, and changes in cash balance for the periods then ended. These financial statements are the responsibility of the former PVA. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the fourth paragraph, we conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of the former PVA were prepared on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

Because our audit is limited to the periods identified above, we were unable to determine if material noncompliances or fraudulent activity identified during our audit period occurred in prior periods. The financial statements identified above include the cash balance as of June 30, 1997, an amount which has not been subjected to audit procedures, and therefore may be materially misstated. Due to the findings in our current audit, we are also unable to determine if all revenue of the former PVA's office has been properly accounted for and deposited into an official account. Additionally, we were unable to obtain written representations from the former PVA regarding the management practices and accounting policies employed during our audit period.

To the People of Kentucky

Honorable Paul Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Sarah Jane Schaaf, Secretary, Revenue Cabinet

Honorable Steve Pendery, County Judge/Executive

Honorable William H. Kaiser, Former Property Valuation Administrator

Members of the Campbell County Fiscal Court

In our opinion, except for the effects on current financial resources as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the receipts, disbursements, and changes in cash balance of the former PVA for the fiscal year ended June 30, 1998, and the period July 1, 1998 through April 23, 1999, in conformity with the basis of accounting described above.

Based on the results of our audit, we discovered \$49,925 that was misappropriated using a variety of techniques. We have summarized the methods used to misappropriate funds, and presented a schedule of Comments and Recommendations, included herein, which discusses the following areas of noncompliance.

- The Former PVA Owes Personal Funds Of \$49,925 To The Official Office Bank Account
- The Former PVA Should Have Deposited All Receipts In Official Bank Accounts
- The Former PVA Should Not Have Created False Documentation To Disguise Payments Made To Himself

In accordance with Government Auditing Standards, we have also issued a report dated July 1, 1999, on our consideration of the former PVA's compliance with laws and regulations and internal control over financial reporting.

Respectfully submitted,



Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -
July 1, 1999

CAMPBELL COUNTY
 WILLIAM H. KAISER, FORMER PROPERTY VALUATION ADMINISTRATOR
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE
ARISING FROM CASH TRANSACTIONS

April 23, 1999

Assets

Cash		\$ 75,968	
Accounts Receivable From Former PVA-			
Undeposited City Payments (Note 6A)	\$ 22,184		
Fraudulent Computer Service And Update Payments			
(Note 6B)	14,426		
Cash Withdrawals (Note 6C)	7,500		
Fraudulent Personal Service Contract Payments			
(Note 6D)	5,815	49,925	
Total Assets			<u>\$ 125,893</u>

Liabilities and Fund Balance

Liabilities

Deputy Salaries Contribution (Note 7)		\$ 73,776	
Fund Balance (Note 8)		52,117	
Total Liabilities and Fund Balance			<u>\$ 125,893</u>

The accompanying notes are an integral part of the financial statement.

CAMPBELL COUNTY
 WILLIAM H. KAISER, FORMER PROPERTY VALUATION ADMINISTRATOR
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCE

For The Period July 1, 1998 Through April 23, 1999

Receipts

Campbell County Fiscal Court:

Statutory Contribution	\$	105,375
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Local Cities:

Newport	\$	18,206
Alexandria		15,276
Highland Heights		10,033
Bellevue		9,356
Wilder		9,567
Southgate		5,272
Dayton		5,583
Fort Thomas		3,387
Silver Grove		1,336
Crestview		517
		78,533

Other Receipts:

Interest Earned	\$	573
Unidentified Deposits		588
Miscellaneous		1,980
		3,141

Total Receipts	\$	187,049
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Disbursements

Misappropriated:

Contract Labor	\$	4,160
Computer Services		12,028
Computer Updates		2,398
Contract Labor		40,279
Computer Services		7,268
Computer Updates		1,370
Advertising		999
Printing		801
Copier Rental		3,541
Copier Maintenance		1,228
Office Materials and Supplies		6,046
Photographic Supplies		1,533
Conventions and Travel		9,371

CAMPBELL COUNTY

WILLIAM H. KAISER, FORMER PROPERTY VALUATION ADMINISTRATOR

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCE

For The Period July 1, 1998 Through April 23, 1999

(Continued)

Disbursements (Continued)

Training	\$	6,710	
Dues and Subscriptions		905	
Telephone		7,349	
Postage		3,503	
Insurance and Official Bonds		1,388	
Furniture, Fixtures, and Office Equipment		4,303	
Bank Charges and Fees		193	
Miscellaneous		1,277	
Total Disbursements			\$ 116,650
Change In Cash Balance	\$	70,399	
Add: Cash Balance June 30, 1998 (Note 5)		7,422	
Less: Undeposited Payments - City of Silver Grove		(1,336)	
City of Crestview		(517)	
Cash Balance April 23, 1999	\$		75,968

The accompanying notes are an integral part of the financial statement.

CAMPBELL COUNTY
WILLIAM H. KAISER, FORMER PROPERTY VALUATION ADMINISTRATOR
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE
ARISING FROM CASH TRANSACTIONS

June 30, 1998

Assets

Cash		\$	7,422	
Accounts Receivable From Former PVA-				
Undeposited City Payments	\$	20,331		
Cash Withdrawals		7,500		
Fraudulent Personal Service Contract Payments		<u>1,655</u>	<u>29,486</u>	
Total Assets				<u>\$ 36,908</u>

Liabilities and Fund Balance

Liabilities

		\$	0	
Fund Balance			<u>36,908</u>	
Total Liabilities and Fund Balance				<u>\$ 36,908</u>

The accompanying notes are an integral part of the financial statement.

CAMPBELL COUNTY
 WILLIAM H. KAISER, FORMER PROPERTY VALUATION ADMINISTRATOR
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCE

Fiscal Year Ended June 30, 1998

Receipts

Campbell County Fiscal Court:

Statutory Contribution	\$	105,300
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Local Cities:

Newport	\$	16,223
Alexandria		14,515
Highland Heights		9,654
Bellevue		9,330
Wilder		9,272
Southgate		5,189
Dayton		5,363
Fort Thomas		3,863
Silver Grove		1,115
Crestview		517
		75,041

Other Receipts:

Interest Earned	\$	1,581
Unidentified Deposits		3,696
		5,277

Total Receipts	\$	185,618
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Disbursements

Misappropriated:

Personal Service Contract Payments	\$	1,655
Cash Withdrawals - Former PVA		7,500
Kentucky State Treasurer - Personnel Cost		72,623
Personal Service Contracts		61,758
Computer Services		11,122
Computer Updates		929
Advertising		176
Printing		2,374
Copier Rental		3,361
Copier Maintenance		602
Audit Services		252
Office Materials and Supplies		7,916
Photographic Supplies		2,649

CAMPBELL COUNTY
 WILLIAM H. KAISER, FORMER PROPERTY VALUATION ADMINISTRATOR
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCE
 Fiscal Year Ended June 30, 1998
 (Continued)

Disbursements (Continued)

Conventions and Travel	\$	9,888
Training		5,150
Dues and Subscriptions		2,015
Telephone		8,043
Postage		4,414
Insurance		606
Furniture, Fixtures, and Office Equipment		8,199
Bank Charges and Fees		291
Miscellaneous		<u>1,240</u>
Total Disbursements		<u>\$ 212,763</u>
Change In Cash Balance	\$	(27,145)
Add: Cash Balance June 30, 1997 (Note 5)		39,930
Less: Undeposited Payment - City of Dayton		<u>(5,363)</u>
Cash Balance June 30, 1998	\$	<u><u>7,422</u></u>

The accompanying notes are an integral part of the financial statement.

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1998 and April 23, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

Officials use a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Officials utilize a fund for statutory contributions and other financial activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statements have been prepared on the basis of cash receipts and disbursements. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of Property Valuation Administrators is upon current financial resources.

C. Cash and Investments

Cash includes amounts in bank accounts.

Kentucky Revised Statute 66.480 authorizes the Property Valuation Administrator to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities; obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States; obligations of any corporation of the United States government; bonds or certificates of indebtedness of this state; and certificates of deposits issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent.

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1998 and April 23, 1999
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Property Valuation Administrator maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals the amount on deposit at all times. As of June 30, 1998 and April 23, 1999, the bank balance was fully insured or collateralized at a 100% level with securities held by the county official's agent in the county official's name.

Note 4. Lease

The PVA is committed to a lease agreement with IOC Capital Incorporated, for a Canon Copier. The agreement requires a monthly payment of \$285 for 36 months, to be completed on November 18, 2001. The total balance of the agreement was \$8,835 as of April 23, 1999.

Note 5. Fiscal Year Ended June 30, 1997 Cash Balance

Our audit was limited to the period covering July 1, 1997 through April 23, 1999. Our findings during that period are material to the financial statements and have resulted in our opinion being qualified. Due to the significant nature of those findings, we were unable to determine if the cash balance as of June 30, 1997 is correctly stated. The cash balance as of June 30, 1997 includes \$14,968 that was paid by the City of Newport but was never deposited in the official bank account.

Note 6. Accounts Receivable

We have included accounts receivable on the Statement of Assets, Liabilities, and Fund Balance Arising from Cash Transactions as of June 30, 1998 and April 23, 1999. The following is a compilation of the individual amounts presented as accounts receivable on the aforementioned financial statements:

CAMPBELL COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1998 and April 23, 1999
 (Continued)

Note 6. Accounts Receivable (Continued)

A. Undeposited City Payments

Our test procedures confirmed that these payments were sent to the former PVA's office; however, we found no evidence indicating the payments were deposited into an official account of the former PVA.

<u>City</u>	<u>Amount</u>	<u>Date Paid</u>
Newport	\$ 14,968	April-97
Dayton	5,363	October-97
Silver Grove	1,336	October-98
Crestview	<u>517</u>	September-98
Total	<u>\$ 22,184</u>	

B. Computer Services And Updates

Our test procedures indicate these disbursements were made directly to the former PVA. Falsified invoices were maintained which indicated that the disbursements were for computer services and computer updates. Upon receipt of bank statements, including the above disbursements, it appears the former PVA altered the bank documents to reflect the vendor's name instead of his own.

<u>Date</u>	<u>Amount</u>	<u>Category</u>
8/21/98	\$ 625	Computer Services
11/12/98	2,527	Computer Services
11/27/98	2,398	Computer Updates
12/29/98	1,563	Computer Services
1/7/99	1,638	Computer Services
2/11/99	2,999	Computer Services
3/18/99	<u>2,676</u>	Computer Services
Total	<u>\$ 14,426</u>	

CAMPBELL COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1998 and April 23, 1999
 (Continued)

Note 6. Accounts Receivable (Continued)

C. Cash Withdrawals

The following checks issued for disbursements were made out to the former PVA and were recorded in the former PVA's accounting records as bank transfers. Upon review of the bank records, we could find no corresponding deposit into an official account.

<u>Date</u>	<u>Amount</u>	<u>Category</u>
3/7/98	\$ 2,300	Bank Transfer
4/8/98	1,700	Bank Transfer
4/16/98	1,700	Bank Transfer
4/17/98	<u>1,800</u>	Bank Transfer
Total	<u>\$ 7,500</u>	

D. Personal Service Contract Payments

The following checks were made out to individuals working for the former PVA on personal service contracts. Based on interviews conducted during our audit, these checks appear to have been negotiated by someone other than the named payee.

<u>Date</u>	<u>Amount</u>
3/5/98	\$ 644
6/2/98	381
6/22/98	630
7/2/98	630
7/8/98	600
7/20/98	630
8/4/98	600
8/13/98	637
8/31/98	613
11/10/98	<u>450</u>
Total	<u>\$ 5,815</u>

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1998 and April 23, 1999
(Continued)

Note 7. Personnel Cost for Property Valuation Administrator Deputies and Assistants

In accordance with KRS 132.590(11), the Campbell County Fiscal Court paid \$73,776 for personnel costs to the Campbell County PVA, in addition to the statutory contribution in quarterly payments. KRS 132.590(11) requires the PVA to submit a claim for the personnel costs to the fiscal court. The fiscal court may remit payment of these costs directly to the Revenue Cabinet or to the PVA. When the amount equal to these personnel costs was received by the PVA from the fiscal court, the PVA should have remitted the total amount to the Revenue Cabinet. Personnel costs are to be received by the Revenue Cabinet by September 1. The amount of the personnel costs is determined from the budget approved by the Revenue Cabinet. As of April 23, 1999, the PVA had not remitted personnel costs of \$73,776 to the Revenue Cabinet for the fiscal year ended June 30, 1999. The Campbell County PVA owes \$73,776 to the Commonwealth of Kentucky's Revenue Cabinet for personnel costs in his office, and he should remit this amount to the Revenue Cabinet immediately.

Note 8. Commitments and Contingencies

The Statement of Assets, Liabilities, and Fund Balance Arising from Cash Transactions, as of April 23, 1999, indicates a fund balance of \$52,117. This fund balance is contingent upon the collection of all accounts receivable due to the office. The accounts receivable indicated on the statement are the result of actions taken on the part of the former PVA.

Note 9. Investigation

The Commonwealth Attorney is presently investigating claims of unauthorized use of public funds by former PVA William H. Kaiser. It is the opinion of the County Attorney that litigation will be initiated by the Commonwealth Attorney's Office. The nature of the litigation will be criminal prosecution of Mr. Kaiser. As part of the criminal prosecution, restitution will be requested.

COMMENTS AND RECOMMENDATIONS

CAMPBELL COUNTY
WILLIAM H. KAISER, FORMER PROPERTY VALUATION ADMINISTRATOR
COMMENTS AND RECOMMENDATIONS

April 23, 1999

STATE LAWS AND REGULATIONS:

1) The Former PVA Owes Personal Funds Of \$49,925 To The Official Office Bank Account

Former PVA William H. Kaiser should repay the following amounts to balance his accounts.

Undeposited City Payments	\$ 22,184
Fraudulent Computer Service and Update Payments	14,426
Cash Withdrawals	7,500
Fraudulent Personal Service Contract Payments	<u>5,815</u>
Total	<u>\$ 49,925</u>

We recommend prompt repayment of these taxpayer moneys. We are also referring this matter to the appropriate law enforcement authorities.

Management's Response:

None

2) The Former PVA Should Have Deposited All Receipts In Official Bank Accounts

The former PVA failed to deposit four city payments received by his office into an official bank account. Our test procedures revealed four payments, made by local city governments for the maintenance of tax rolls, not deposited into an official account. These four payments totaled \$22,184, and are included in the \$49,925 amount due from the former PVA in comment one. KRS 132.601 requires the PVA ". . . to maintain a bank account for the management of local funds received by his office . . ." The failure to deposit local funds into an official account appears to be in direct conflict with the requirements set forth above in KRS 132.601. We recommend that all receipts of the PVA office be deposited into an account established for the management of local funds as required by KRS 132.601.

Management's Response:

None

CAMPBELL COUNTY

WILLIAM H. KAISER, FORMER PROPERTY VALUATION ADMINISTRATOR

COMMENTS AND RECOMMENDATIONS

April 23, 1999

(Continued)

3) The Former PVA Should Not Have Created False Documentation To Disguise Payments Made To Himself

The former PVA made numerous payments to himself from official accounts and created false documentation intended to make the disbursements appear to be legitimate expenses of the office. Our tests revealed 7 payments, totaling \$14,426, made to the former PVA which were identified as "computer services" or "computer updates" in the disbursements ledger and invoice files. This \$14,426 is included in the \$49,925 amount due from the former PVA in comment one. Our tests revealed 4 withdrawals from official accounts, totaling \$7,500, which were identified as "bank transfers" in the disbursements ledger of the former PVA. Our tests also revealed 10 payments, totaling \$5,815, for "personal service contracts," which were not received by the payees named on the check. Based on interviews conducted, these checks appear to have been negotiated by someone other than the named payee. KRS 132.601 allows the PVA to ". . . obligate and spend any of the local funds accruing to his office . . . for . . . expenses necessary to the proper assessment of property or preparation and maintenance of assessment rolls and records." The aforementioned expenditures do not meet the criteria set forth in KRS 132.601, and, in many instances reflect a criminal intent to defraud the office. We recommend that all expenditures of the PVA's office be made in accordance with KRS 132.601.

*Management's Response:**None*

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Steve Pendery, County Judge/Executive
Honorable William H. Kaiser, Former Property Valuation Administrator
Members of the Campbell County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the former Campbell County Property Valuation Administrator (PVA) as of June 30, 1998, and the period July 1, 1998 through April 23, 1999, and have issued our report thereon dated July 1, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the former Campbell County PVA's financial statements as of June 30, 1998, and the period July 1, 1998 through April 23, 1999, are free of material misstatement, we performed tests of compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of Comments and Recommendations.

- The Former PVA Owes Personal Funds Of \$49,925 To The Official Office Bank Account
- The Former PVA Should Have Deposited All Receipts In Official Bank Accounts
- The Former PVA Should Not Have Created False Documentation To Disguise Payments Made To Himself

Honorable Steve Pendery, County Judge/Executive
Honorable William H. Kaiser, Former County Property Valuation Administrator
Members of the Campbell County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the former Campbell County PVA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. The following reportable conditions were noted.

- Lack Of Adequate Segregation Of Duties

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

In planning and performing our audit, we considered the former Campbell County PVA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Steve Pendery, County Judge/Executive
Honorable William H. Kaiser, Former County Property Valuation Administrator
Members of the Campbell County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
July 1, 1999

